

## *A Conversation on*

# ***INDUSTRIAL RELATIONS***

*An Interview with Paula Voos*

### **INTERVIEWED BY MARY LOU COATES**

**Q** We have witnessed two decades of tremendous change in the world of work. There are serious concerns about relatively high unemployment, a rise in nonstandard employment, a polarization of employment into what has been called ‘good jobs’ and ‘bad jobs,’ and a slowdown in real wage increases. Can we expect more of the same?

Unfortunately, we probably can—although one hopes these trends don’t continue forever. We have, in fact, had a ‘blip’ in these trends in the US in the last 18 months, in that the US has had low unemployment and a strong economy. Real wages have gone up—and gone up more for those in the lower and middle part of the income spectrum than for those at the top end. Apparently, this is the product of a strong swing in the business cycle, rather than a structural reversal. I don’t know when a structural reversal will occur.

**Q** What are unions offering the worker of today?

Fundamentally, unions offer workers the same things they always have—representation on the job and a chance for the

employee to have an effective voice with bargaining power behind it in matters that affect them at work, from wages and benefits to work standards, to fair treatment. What they offer in these areas will differ according to the jobs—professional, skilled, unskilled, etc.—and economic circumstances of the people they are representing. I don’t see this changing or particularly needing to change.

**Q** Is organized labour in the US running the risk of extinction or are reports of its demise greatly exaggerated?

Some have claimed that, in the context of a global economy and strong international competition, US unions can no longer raise wages or improve the lives of their members, and, given this, workers will not want union representation. I think it is completely untrue that unions can no longer play a valuable role for the employee. Unions are as strong as ever in many countries that are more internationalized and have more open economies than the US. Moreover, in recent research, I and others have found that unions do still raise wages for their members. Nonetheless, US unions are in danger in the private sector, where they are down to

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something like 9.8 percent of the workforce. That overall figure, however, understates their importance in some parts of the economy. For example, in the retail trade sector, one of the most nonunionized sectors of the economy, certain areas are highly organized, such as supermarkets in some States. It is not that retail trade workers can't be organized. It is an uphill battle, however, in today's context of strong management opposition to unionization in the US, a transient workforce in many areas of the sector, and labour law that makes it very easy for management to express its opposition to unions and difficult for employees to organize. Despite efforts on the part of the AFL-CIO to change this, the tide has not yet turned.

**Q** Has there been a greater effort on the part of employers to accept the legitimacy of unions?

In the last five or ten years, the trend has been the other way in the US. It is increasingly quite acceptable for management to voice surprisingly anti-union opinions. The earlier acceptance of unions in some parts of the management community and the attempts to achieve good profits and strong business results working with organized labour have become less common in recent years. For example, the attitude that with good management unions are not needed and do not play a constructive role is very widespread in the US and is widely voiced.

**Q** To what extent are the US and Canadian industrial relations systems following the same paths or going in different directions?

Actually, you have better experts in Canada on that question than I can pretend to be. I think the broad trend in the last twenty years has been a moving apart with more independent unionism and

more success in representing service workers and a broad spectrum of workers in Canada. For example, construction workers are much more organized in Canada than in the US. Nonetheless, the two labour movements share many fundamental characteristics, a long border, and a long history. In comparison with the rest of the world, our labour movements have more in common with each other despite these growing differences than with any other labour movements.

**Q** Have we seen a transformation in industrial relations?

If one wants to argue that there has been a transformation, one points to changed human resource management practices. There has been a movement away from what is often called scientific management—the subdivision of jobs, the use of employees who are taught to do a very narrow work task and may have high turnover, and payment on the basis of individual results. This management style dominated much of North American industry for years and years. In fact even today if you walked into a place like McDonalds in either country, I am sure you would see very narrowly defined tasks, quite suitable for a high turnover workforce, relatively low pay, and a lot of management supervision. There has been a trend, certainly in the higher value-added parts of industry, towards team management, towards gaining the knowledge of workers, of investing in training, of having a high commitment or high performance labour relations strategy. This is a very different kind of human resource management. It has spread in both countries. It is important but only in certain segments of the labour force, not everywhere. There are various studies on the extent to which these practices have spread, but I suspect that realistically the extent has plateaued at about 30 to 40 percent of jobs. What we are now seeing

in fact is a host of nonstandard work arrangements or contingent work. That argues, in some sense, for the strength of the old way of managing employees.

Looking outside of human resource management to the broader world of industrial relations, I can't see much evidence of transformation. I think John Dunlop is right in arguing that these trends have, if anything, reinforced some of the fundamental characteristics of North American industrial relations towards decentralization, towards reliance on the market rather than on the government to set the terms of the employment relationship, towards anti-union attitudes on the part of management, towards conflict in labour relations, and so forth. In many ways, very abiding characteristics of our system have been reinforced by recent trends.

**Q** How well has the North American collective bargaining system been able to adjust and adapt to labour market pressures and challenges of the new economy? Has the collective bargaining system been weakened or strengthened?

One of the great advantages of our decentralized collective bargaining system is its adaptability. Very different things are going on in different areas of the economy, but we have accommodated change fairly well, not without conflict or problems, not always in a perfect or utopian way, not uniformly, but fairly well. There have been disasters, however. One point I made in an edited volume on collective bargaining in the private sector based on the study of thirteen industries by other scholars (Voos 1994) was that, yes, in some industries there have been 'meltdowns' of collective bargaining. There have been serious problems where large numbers of people lost representation or where there were really disastrous declines in real wages of a sort not seen across the country as a whole. On the

other hand, there have been other places where the system has held up well, and, in fact, in some industries employee representation has advanced and people are doing better.

**Q** We have been hearing a lot about works councils, new forms of joint governance, and other arrangements. Can you briefly describe what alternative forms of worker representation are being considered and to what extent they would work more effectively than collective bargaining in today's environment?

In the reaches of US public policy at a federal level, none of these things is currently being considered in a serious way. There are, however, a few examples of alternative arrangements in the US, but there is nothing like the works councils of Europe. For example, in American universities, there is a trend to extend some form of representation to non-faculty professional staff who play an important role in research, laboratories, libraries and so on, to have some voice in the governance of the university. Faculty have long had a role in university governance through the university senate. Are the universities taking these steps because it is right, or because in some parts of the US staff have been organizing? I suspect both are involved. Some companies, moreover, now have systems in which employees play a role in the adjustment of grievances or the adjudication of disciplinary problems. We are also seeing some efforts at representation on corporate boards, primarily under the leadership of the Steelworkers Union. Lyn Williams, in particular, played a role in negotiating a master agreement in which the Steelworkers would have more extensive representation on corporate boards, but that is rare.

Some have argued that employees who are not represented by a union deserve some kind of voice and that we should, as

a matter of public policy, be encouraging internal structures, such as employee participation committees and works councils, where all types of employees—white-collar, blue-collar, professional, janitorial, etc.—would have a voice. Would these forums work more effectively than collective bargaining? No, of course not. Why? Because collective bargaining gives people more than the power of persuasion. By organizing people in a given local or regional market, they have the power to equalize conditions across firms. Individual works councils are always limited to one company or even to one plant of a company, and, therefore, do not have the capacity to take wages out of competition. (The Webbs noted the importance of taking wages out of competition in their book *The History of Trade Unionism*.) They don't have the capacity to equalize market conditions and to bring some kind of power to bear on the discussions. Would these alternatives give employees more voice than they have at present? Yes. I think the question, however, is not so much 'Is half a glass better than none?' but rather 'Is a quarter of a glass better than none?'—some would say yes!

**Q** There has been experimentation with a wide variety of new approaches in labour-management relations such as mutual gains bargaining and interest-based bargaining. What lessons have management and unions learned from these initiatives? Are they compatible with traditional bargaining approaches?

I have more familiarity with interest-based bargaining, and I think it is quite compatible with traditional bargaining structures when those approaches are going well and not in a state of disarray or problematic. Interest-based bargaining allows each side to identify its fundamental interests and the fundamental interests of the other side; it allows the parties to

work on a compromise that will meet the essential needs of both sides—in its own way, it does what traditional bargaining did when it was working well. But, interest-based bargaining can clear away some pettiness, some grandstanding, some problematic personal issues and get the parties to the core of their interests. When I am dealing as an individual with a difficult person who wants something, I try to determine what that person really needs and how I can give them, if not all, at least part of what they need, so we can come to a compromise. That is the core of interest-based bargaining.

**Q** There are indications that when tough economic issues arise, the parties tend to revert to traditional bargaining methods.

I think that is true. Compromise may be easier to reach on some issues than others. There may be situations where the parties' interests are very different and not conducive to interest-based bargaining.

**Q** So, it is appropriate to use traditional approaches to go through some of the tough issues and use these other alternative approaches to go through some of the issues that are of mutual concern to the parties?

Yes, that's correct. The important thing is to get away from grandstanding over symbolic, but really not terribly important, issues and get on with it.

**Q** You have done a lot of work on employee involvement/participation in organizations. To what extent are workers and/or unions being offered more voice in organizations? What does the evidence say about the benefits of employee involvement programs?

There are benefits for both sides. When unions and the workers they represent take an active role in the involvement

process and use it to push genuine worker interests, there can be very positive benefits for the employees; they can get some action on things that matter to them but are traditionally not handled well in bargaining. I think, in fact, there can also be many benefits for the employer. Studies show that the programs, when they are run well, have a positive effect on satisfaction, performance, and productivity. They are not easy or inexpensive to run nor are they always easy to insulate from outside market forces. I saw an example of this in a Wisconsin paper manufacturing facility where the local plant had gone far in a team environment with many resulting benefits including the elimination of many layers of supervision and the return of subcontracted work into the plant. Then another company took it over and decided that that plant should close because of excess consumer paper products on the market. So, these programs can be vulnerable to other corporate decisions, to market forces, to all kinds of things. They don't always save jobs or work out well.

**Q** What incentives exist for management to pursue these programs?

The incentives relate to what these forums, when they work well, can do for management. They can allow management to save money, often by eliminating excessive levels of supervision. They can lead to better labour relations. They can improve productivity. And if companies are competitive, they can continue to provide jobs and they also can give workers a say. These are obvious benefits for management and for workers and unions.

**Q** What role do academics and researchers in universities and colleges play in contributing to a better understanding of industrial relations? How can they better serve as a bridge linking universities to the broader IR/HR community?

There are a number of ways in which they can and do. Many of our industrial relations centres, and I believe your Centre is one of them, have periodic conferences and seminars for their alumni and other members of the industrial relations community. These can play an important role in disseminating ideas and also in learning what is going on in the community. It is important that it be a two-way street, that it is not just the academics and researchers giving their wisdom to the community. IR is not a theoretical or lab-based discipline; it is a discipline concerned with what is going on in the real world, and sometimes we need to listen to what the practitioners and the world of industrial relations have to tell us about what they are learning and experiencing. It's important not only that we have conferences and seminars for them, but also that we bring active IR practitioners into our centres to tell us about what they are doing in their companies, or in their local unions, or in their arbitration practices. Another way academics and researchers can do this is by being active in a variety of professional and other organizations, such as the Industrial Relations Research Association and the Society of Professionals in Dispute Resolution, where they can engage in interchange at the local and broader levels with members of the IR community.

**Q** How well are IR/HR programs and business schools preparing students for a career in the IR/HR field? What changes have to be made?

I have witnessed a change over the past 25 years. At one time many more IR students came out of an undergraduate background in economics. In fact, not all, but a healthy proportion of the scholars in the field also had formal training in economics. There has been a shift in our discipline from more industrial relations to more human resource management. More

students now have a background in psychology, organizational and personnel psychology, and more faculty and scholars have a deep disciplinary training in the methods of psychology. While there are gains from this change, I do think it is important to maintain some balance in the mix of disciplines that we use to analyze problems. We definitely need more sociology in our programs; then and now, there has been less sociology than is probably necessary to train an IR scholar. We need to maintain an emphasis on law. And, I think we need to improve the training of industrial relations professionals as economists, not in the abstract, overly quantified and theoretical way that economics training is sometimes undertaken in economics departments, but in the realistic way it is approached in business schools. Given the market environment of the firm, the situation in the macro economy, and unemployment levels, economics training is important to both parties in our field; it needs to be a strong part of our training of students.

**Q** Looking to the future, what do you see as the most important issues and challenges in industrial relations?

The biggest industrial relations challenge is how we can provide voice for workers on the job and in the society as a whole given the decline of traditional union representation in the US and the stagnation of union growth in Canada. New forms

of union representation need to be considered along with alternative vehicles of voice. Second, there is the whole issue of how industrial relations practices can contribute to strong firm performance and economic competitiveness, particularly given the increasingly global nature of our markets. Finally, we need to be concerned with mending the social fabric of our society. We need to increase economic opportunity, reduce income inequality, and provide increased economic security for all citizens. Fundamentally this involves moderating market-driven outcomes like the rise in non-standard work arrangements and adapting institutions so that workers in those arrangements still have access to pensions and other benefits, help moving across jobs, some ability to exercise voice, and assurance of fair treatment in the workplace. These are formidable challenges for public policy but ones in which I hope industrial relations professionals have a major influence.

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